

M e m o r a n d u m

To: Panel Members Date: February 27, 2003

From: Charles Rufo, Manager Analyst: S. Joyce
Peter DeMauro, General Counsel

Subject: One-Step Agreement for **Mission Hill Truck School , Inc. (HUA)**

CONTRACTOR:

- Multiple Employer: Training Agency
- Training Project Profile: Job Creation: Training of Unemployed Workers
Workers in High Unemployment Areas
- Legislative Priorities: Displaced/Potentially Displaced Workers
- Type of Industry: Transportation
- Repeat Contractor: No
- Union Representation: No
- Name and Local Number of Union representing workers to be Trained: None of the core group of employers is represented by a collective bargaining agreement.

CONTRACT:

- Program Costs: \$187,200
- Substantial Contribution: \$0
- Multiple Employer Support (8%) \$11,960
- Total ETP Funding: \$199,160
- In-Kind Contribution: \$125,035
- Maximum Contractor Charge: N/A per trainee
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Stanislaus
- Duration of Agreement: 24 months

SUBCONTRACTORS:

None

THIRD PARTY SERVICES:

None

NARRATIVE:

Founded in 2000, Mission Hill Truck School, Inc. (Mission Hill) is located in Modesto, California. The goal of Mission Hill is to place training graduates into the trucking industry as drivers who can safely and efficiently operate various types of tractor-trailers. Mission Hill provides trainees with the skills to safely operate vehicles, a thorough knowledge of the Federal Department of Transportation regulations, and the information needed to meet the requirements for a Commercial Driver License. Mission Hill's training program was approved by the State of California's Bureau for Private and Postsecondary and Vocational Education (BPPVE) for both campuses in August 2000.

Mission Hill is proposing to train 52 individuals as truck drivers, and to place them in full-time, year-round jobs. Training will take place at the Modesto site. All instruction and administration will be the sole responsibility of Mission Hill.

This project will use funds to foster job creation for individuals who are unemployed and have established an unemployment insurance claim in this state, or have exhausted eligibility for unemployment insurance benefits from this state within the previous 24 months.

Commercial Skills: The truck-driving program will consist of 240 hours of instruction. Training will include topics such as safety, pre-trip vehicle inspection, shifting, backing, coupling, uncoupling, speed management, night operation, emergency maneuvers, preventive maintenance, fuel systems, cargo handling, trip planning, and documentation. At the completion of training, the trainees will have completed the training to legally operate a truck and trailer in a safe manner.

Employer Demand: The California Projections of Employment, published by the Labor Market Information Division (LMID) of the Employment Development Department (EDD), estimates that the occupation of truck driving is growing, based on employer demand, with a projection of 45,350 additional long distance drivers, as well as 68,540 local drivers needed through 2005 in California. This need is expected to grow to significantly, due to retirements, by 2008.

Specific to this training proposal, Mission Hill staff has submitted a list of 6 participating employers in their core group, representing a demand for a total of 45 truck drivers. Because the demand is growing, Mission Hill officials expect the number of participating employers to grow as the training program progresses. If all employer demands are met, the 52 trainees proposed in this project will be insufficient. Mission Hill anticipates that an amendment will be necessary to expand the scope of the project.

Marketing Plan for Recruitment of Employers: Employers are targeted through media, Internet, newspaper and personal contact. Mission Hill works closely with the local and interstate trucking companies who employ entry-level truck drivers. According to Mission Hill representatives, the school's placement staff responds to newspapers job openings and speaks directly to the representatives of local area companies that have an interest in finding and hiring new drivers. Staff members also encourage company recruiters to visit Mission Hill, meet students and provide the students with information about the industry's job market.

NARRATIVE: (continued)

Employer Eligibility for Funding: Mission Hill provided a list of the core group of employers. The California Employer Account Numbers (CEANs) for these companies indicate conformity with ETP's eligibility requirements. Thus, they are eligible to hire trainees who have been trained in an ETP-funded training program.

Employer Participation in Development of Curriculum: This training program was developed based on initial input from the school's advisory committee and instructors recommendations. Independent trucking company owners met with instructors, the school manager and marketing coordinator to make recommendations on the skills that should be attained by trainees. Input was also provided by the local Workforce Investment Board regarding work ethic and pre-employment skills that would be integrated into the skills training, but outside the scope of ETP-funding. Since the program's inception, employers have helped refine the curriculum by providing feedback on skills needed by potential drivers for employment success. This process includes a formal assessment of employer training needs in the Stanislaus and San Joaquin counties.

Method to Ensure Continuous Participating Employer Feedback: As students enter the job market, Mission Hill follows their progress with employers. The information the trainees convey is used as feedback for making adjustments and improvements to Mission Hill's training. This helps to ensure that employers receive quality truck driver graduates. In addition, when company recruiters visit Mission Hill campuses to meet students and provide them with information, Mission Hill staff members discuss former students' on-the-job performance with the recruiters to assess what additional coaching may be useful.

Justification of High Cost: The \$3,830 cost per trainee will exceed twice the ETP average cost per trainee of \$1,539. The \$3,830 is the cost to train new-hire trainees for 240 hours at the new-hire reimbursement rate of \$15.00 per hour, plus ETP support costs of 8 percent.

The Mission Hill cost per trainee is consistent with recently approved ETP new-hire truck driver-training projects. Prior projects approved by the Panel for truck drivers included training hours of 240 to 360 with the trainee costs ranging from \$3,830 to \$5,745.

Based on information from prior Contractors, wages for trained truck drivers have demonstrated a significant wage progression. Information from the Labor Market Information Division indicates that entry-level wages for truck driver's ranges from \$9.00 to \$13.00 per hour rising, with 2 years experience, to \$15.00 - \$20.00 hourly.

Supplemental Nature of Training

All training under this program is new-hire for unemployed individuals who will be placed in full-time, year-round employment in California, upon completion of their training. The training is therefore supplemental.

In-Kind Contribution

The total in-kind contribution is \$125,035. This includes \$56,035 for wages paid by employers (\$8.98/hour x 120 hours x 52 trainees) of new-hire drivers during additional training, which includes driving with an experienced driver. There will be new-hire wages of \$19,000 paid during orientation and classroom training with the participating employers.

Mission Hill will also contribute additional training, not included in the ETP-funded training, as well as fuel and waived fees related to additional driving hours required by some trainees. The cost for this training, provided by Mission Hill, will be approximately \$50,000.

COMMENTS:

Trainees will be required to pass the Department of Motor Vehicles (DMV) test, Class A, before employment placement and the 90-day retention period can begin. Training for any trainee who does not pass the DMV test and does not complete the required retention period with an eligible employer will not be reimbursed by ETP.

Training in High Unemployment Areas of California

This Agreement affects workers in Stanislaus County, which is a California county with a significantly high unemployment rate, i.e., exceeding the state average by 25 percent or more. Based on EDD figures of December 2002, the specific unemployment rate in Stanislaus County is 11.5 percent while the statewide rate is 6.3 percent. The applicant is not requesting a waiver of existing ETP minimum wage.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement if the project meets Panel priorities and the high cost per trainee is justified by the number of training hours. This recommendation is based on the fact that Mission Hill Truck School, Inc., will provide 52 currently unemployed individuals in an area of high unemployment with the skills to attain full-time, well-paying jobs as Truck Drivers.

TRAINING PLAN:

Grp/Trainee Type	Types of Training	No. Retain	No. Class/Lab Videocnf. Hrs	No. CBT Hrs	No. SOST Hrs.	Cost per Trainee	Hourly Wage after 90 days
1 New-Hire	Commercial Skills: Truck Driver Training	52	240	0	0	\$3,830	\$8.98-\$13.00
					<u>Range of Hourly Wages</u> \$8.98 - \$13.00		
					<u>Prevalent Hourly Wage</u> \$8.98		
					<u>Average Cost per Trainee</u> \$3,600		
<u>Health Benefit used to meet ETP minimum wage:</u> N/A					<u>Turnover Rate</u> The turnover rate of each participating employer should not exceed 20 percent annually unless other data is submitted to substantiate a waiver.	<u>% of Mgrs & Supervisors to be trained:</u> 0%	

MISSION HILL TRUCK SCHOOL

CURRICULUM

Class Lab Training 240 hours

Documentation Orientation

Introduction to Trucking

Safety Rules and Regulation

Log Books

General knowledge

- Vehicle Inspections

- Basic Vehicle Controls

- Communicating

- Shifting Gears

- Controlling Speed

- Managing Space

- Driving at Night

- Hazard Awareness

- Emergencies

- Skid Control Recoveries

- Staying Alert and Fit to Drive

- Accident Procedure

- Transporting Cargo

Air Brakes

- Air Brake System

- Dual Air Brake System

- Combination Vehicle Air Brakes

- Inspecting the Air Brake System

- Using Air Brakes

Combination Vehicles

- Driving a Combination Vehicle Safely

- Coupling and Uncoupling

- Inspecting a Combination Vehicle

Coupling & Uncoupling

- Gear

- Straight Line Backing

- Parallel Parking

- Alley Docking

MISSION HILL TRUCK SCHOOL

CURRICULUM

Driving on Road

Gear Shifting

- How to use clutch
- RPM in which to shift
- Up shifting - Down Shifting
- In - Cab
- Vehicle Controls
- Gears

How to work Intersections

- Stop - Start
- Right - Left Turns
- Right Gear Starts

Rural & Urban Driving

- Proper Gears
- Freeway Driving
- Railroad Crossing
- Bridges & Over passes

Mountain Driving

- Up & Down Grades
- Proper Gear
- Negotiating Curves on Roadway
- Night Driving

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: Mission Hill Truck School, Inc.

CCG No.: ET03-0267

Reference No: 03-0093

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PRINT OR TYPE

Company: Central Refrigerated Service, Inc.

Address: 15816 Santa Ana Ave.

City, State, Zip: Fontana, CA 92337

Contact Person/Title: Carlos Espadas

Telephone No.: 1-888-777-5514 x 200

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 1900

Total # of full-time company employees in California: 160

Company: Golden Valley Trucking

Address: 517 W. Hatch Road

City, State, Zip: Modesto, CA 95351

Contact Person/Title: John Rajania - Owner

Telephone No.: 209-491-5555

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 10

Total # of full-time company employees worldwide: 48

Total # of full-time company employees in California: 48

Company: Northern Refrigeration Transportation Inc.

Address: 2700 W. Main Street

City, State, Zip: Turlock, CA 95380

Contact Person/Title: Jeffery Smith - Supervisor

Telephone No.: 209-664-3800 x 2008

Collective Bargaining Agreement(s): No

Estimated #of employees to be retrained or hired under this Agreement: 7

Total # of full-time company employees worldwide: 157

Total # of full-time company employees in California: 157

**Participating Employers in Retrainee/New Hire
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PRINT OR TYPE

Company: Royal Express Inc.

Address: 243 Hosmer Road

City, State, Zip: Modesto, CA 95351

Contact Person/Title: Paul Sihota - President

Telephone No.: 559-233-8397

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 13

Total # of full-time company employees worldwide: 200

Total # of full-time company employees in California: 200

Company: Singh Trucking

Address: 31123 Mission Blvd.

City, State, Zip: Hayward, CA 94544

Contact Person/Title: Vikramjit Singh, President

Telephone No.: 510-487-7971

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 30

Total # of full-time company employees in California: 30

Company: Timmerman Starlite Trucking, Inc.

Address: 3955 Starlite Drive

City, State, Zip: Ceres, CA 95307

Contact Person/Title: Molly Shan - Controller

Telephone No.: 209-538-1706

Collective Bargaining Agreement(s): No

Estimated # of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 52

Total # of full-time company employees in California: 52

**Participating Employers in Retrainee/New Hire
Multiple Employer Contracts**

Contractor's Name: Mission Hill Truck School, Inc.

CCG No.: ET03-0267

Reference No: 03-0093

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PRINT OR TYPE

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide:

Total # of full-time company employees in California:

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide:

Total # of full-time company employees in California:

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide:

Total # of full-time company employees in California:

**Participating Employers in Retrainee/New Hire
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